STATE OF NORTH CAROLINA	REQUEST FOR PROPOSAL NO. 13-6974331	
Department of Administration	Bids will be publicly opened: July 5, 2007	
Office of Fiscal Management	Contract Type: Open Market	
Refer ALL Inquiries to: Nerissa Keele	Date Issued: June 15, 2007	
E-Mail: Nerissa.Keele@ncmail.net	Commodity Number: 920	
Subject: "13-6974331 Questions WBET"	Commodity: Web-Based Elections Tools	
OR Fax: (919) 733-0021		
	Using Agency Name: State Board of Elections	
(See page 2 for delivery instructions.)	Agency Requisition No. 13-6974331	

OFFER AND ACCEPTANCE: This solicitation advertises the State's needs for the services and/or goods described herein. The State seeks proposals comprising competitive bids offering to sell the services and/or goods described in this solicitation. All proposals and responses received shall be treated as offers to contract. The State's acceptance of any proposal must be demonstrated by execution of the acceptance found below, and any subsequent Request for Best and Final Offer, if issued. Acceptance shall create a contract having an order of precedence among terms as follows: Special terms and conditions specific to this RFP, Specifications of the solicitation documents, including amendments, if any, the State's General Terms and Conditions for Goods and Related Services, the State's Supplemental Terms and Conditions for Software and Services, Best and Final Offers, if any and the awarded Vendor's proposal.

EXECUTION: In compliance with this Request for Proposal, and subject to all the conditions herein, the undersigned offers and agrees to furnish any or all services or goods upon which prices are bid, at the price(s) offered herein, within the time specified herein. By executing this bid, I certify that this bid is submitted competitively and without collusion.

Failure to execute/sign bid prior to submittal shall render bid invalid.

VENDOR:		FEDERAL ID OR SOCIAL SECURITY NO.	
STREET ADDRESS:	P.O. BOX:	ZIP:	
CITY & STATE & ZIP:	TELEPHONE NUMBER:	TOLL FREE TEL. NO	
Will any work under this contract be performed outside the Unite Where will services be performed:	YES	NO	
TYPE OR PRINT NAME & TITLE OF PERSON SIGNING:	FAX NUMBER:		
AUTHORIZED SIGNATURE: DATE:		E-MAIL:	

Offer valid for ninety (90) days from date of bid opening unless otherwise stated here: days

ACCEPTANCE OF BID: If any or all parts of this bid are accepted, an authorized representative of the DOA shall affix their signature hereto and this document and the provisions of the special terms and conditions specific to this Request for Proposal, the specifications, and the ITS Terms and Conditions shall then constitute the written agreement between the parties. A copy of this acceptance will be forwarded to the successful Vendor(s).

FOR_DOA_USE ONLY	
Offer accepted and contract awarded this day of	, 2007, as indicated on attached certification,
by	_ (Authorized representative of DOA).

ISSUING AGENCY: Department of Administration

Office of Fiscal Management 1306 Mail Service Center

Raleigh, North Carolina 27699-1306

USING AGENCY: NC State Board of Elections

506 North Harrington St. Raleigh, North Carolina 27603

DELIVERED BY US POSTAL SERVICE	DELIVERED BY ANY OTHER MEANS
BID NUMBER: 13-6974331	BID NUMBER: 13-6974331
NC Department of Administration	NC Department of Administration
Office of Fiscal Management	Office of Fiscal Management
Attn: Nerissa Keele, Purchasing Agent	Attn: Nerissa Keele, Purchasing Agent
1306 Mail Service Center	116 West Jones Street
Raleigh, NC 27699-1306	Raleigh, NC 27603-8003

DELIVERY INSTRUCTIONS: Deliver two (2) signed originals, and two (2) copies of the Proposal to Issuing Agency in a sealed package with Company Name and RFP Number clearly marked on the front. Please include one (1) electronic version on CD in a word or PDF format.

Sealed bids, subject to the conditions made a part hereof, will be received at until **2:00 p.m. EST on July 5, 2007** and then opened, for furnishing and delivering the commodity as described herein. Proposals for this RFP must be submitted in a sealed package with the Execution of Proposal signed at dated by an official authorized to bind the Vendor's firm. Failure to return a signed execution of proposal shall result disqualification. All proposals must comply with Section VI, Proposal Content and Organization.

Proposals <u>will not</u> be accepted by electronic means. This RFP is available electronically at http://www.ips.state.nc.us/ips/pubmain.asp. All inquiries regarding the RFP requirements are to be addressed to the contact person listed on Page One.

Written questions concerning the RFP specifications must be received by **2:00 p.m.** on **June 22, 2007**. They must be sent via e-mail to: Nerissa.Keele@ncmail.net or faxed to (919) 733-0021. Please insert "Questions 13-6974331 WBET" in the subject matter of your e-mail. A summary of all questions and answers will be posted to the Interactive Purchasing System (IPS) as an addendum to this RFP.

Addendum to RFP: If a pre-bid conference is held or written questions are received prior to the submission date, an addendum comprising questions submitted and responses to such questions, or any additional terms deemed necessary by the State will be posted to the Interactive Purchasing System (IPS), http://www.ips.state.nc.us/ips/deptbids.asp, and shall become an Addendum to this RFP. Vendors' questions posed orally at any pre-bid conference must be reduced to writing by the Vendor and provided to the Purchasing Officer as directed by said Officer.

Critical updated information may be included in these Addenda. It is important that all Vendors bidding on this proposal periodically check the State website for any and all Addenda that may be issued prior to the bid opening date.

Basis for Rejection. Pursuant to 9 NCAC 06B.0401, the State reserves the right to reject any and all offers, in whole or in part; by deeming the offer unsatisfactory as to quality or quantity, delivery, price or service offered; non-compliance with the requirements or intent of this solicitation; lack of competitiveness; error(s) in specifications or indications that revision would be advantageous to the State; cancellation or other changes in the intended project, or other determination

that the proposed requirement is no longer needed; limitation or lack of available funds; circumstances that prevent determination of the best offer; or any other determination that rejection would be in the best interest of the State.

NOTICE TO VENDORS: The State objects to and will not be required to evaluate or consider any additional terms and conditions submitted with a Bidder's response. This applies to any language appearing in or attached to the document as part of the Bidder's response. By execution and delivery of this Request for Proposal and response(s), the Bidder agrees that any additional terms and conditions, whether submitted purposely or inadvertently, shall have no force or effect.

Late Proposals. Regardless of cause, late proposals will not be accepted and will automatically be disqualified from further consideration. It shall be the Vendor's sole risk to ensure delivery at the designated office by the designated time. Late proposals will not be opened and may be returned to the Vendor at the expense of the Vendor or destroyed if requested.

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Section I. Introduction

The purpose of this Request for Proposal (RFP) and any resulting contract award is to solicit proposals to procure web-based software and hosting services which will provide online elections management and reporting functions. The selected vendor will provide the State of North Carolina, State Board of Elections and county local governments with vendor-hosted, web-based software services that will provide online election training, election project management, election night reporting and election information management. The training format must be flexible enough to allow customized content to be added by the State Board of Elections or individual counties.

The N.C. State Board of Elections (SBE) is seeking a statewide, per month fixed price for vendor-hosted services for webbased software to be available for all 100 North Carolina counties, which will also permit the SBE to have oversight capabilities as defined in Section IV.

The undertaking of this activity is to fulfill the requirements of the HAVA plan that North Carolina adopted pursuant to the federal Help America Vote Act of 2002 (HAVA). The North Carolina HAVA Plan provides that the SBE will supplement its Certification Program and, in cooperation with the Community College System, establish a specialized training and civics curriculum for the training of elections officials and interested public. The purpose of this procurement is to produce base-line training and support materials and other media and provide access to them in a web-based training environment. It is anticipated that persons using this web-based training will eventually become a recruitment pool for poll workers. HAVA provides the funding necessary for election official and poll worker training.

The vendor-hosted, web-based software must be easy to use, convenient and accessible, self paced and flexible, have measurable effectiveness, be uniform across the State, and be able to be customized by authorized personnel from the State or individual counties.

The vendor-hosted, web-based software should be divided into separate tools that interact with each other to share information that is required to complete the processes. The following software tools are identified:

Online Election Training for Election Officials and Poll Workers Tool

Online Election Project Management for Election Officials Tool

Online Election Night Results Reporting Tool

Online Election Information Management Tool

The State of North Carolina has one hundred (100) counties, two-thousand seven-hundred fifty-four (2,754) precincts, three-hundred fifty (350) one-stop precincts and five-million five-hundred twenty-thousand (5,520,000) registered voters.

This solicitation will result in a *Definite Quantity Contract*: This request is for a close-ended contract between the awarded Vendor and the State to furnish a pre-determined quantity of a good or service during a specified period of time.

Section II. Bidding Information

A. Instructions to Vendors

Additional acronyms, definitions and abbreviations may be included in the text of the RFP.

- 1) Proposals submitted electronically, or via facsimile (FAX) machine will not be accepted.
- 2) EXECUTION: Failure to sign under EXECUTION section will render proposal invalid.
- 3) <u>TIME FOR CONSIDERATION</u>: Unless otherwise indicated on the first page of this document, Vendor's offer must be valid for 90 days from the date of proposal opening

- 4) <u>FAILURE TO MEET PROPOSAL REQUIREMENTS</u>: While it is not anticipated that the awarded Vendor will fail to meet the proposal requirements, if such should occur, the right is reserved to further evaluate the responses to this RFP and then to recommend an award to the next Vendor response that represents the best interest of the State.
- 5) <u>PROMPT PAYMENT DISCOUNTS</u>: Vendors are urged to compute all discounts into the price offered. If a prompt payment discount is offered, it will not be considered in the award of the contract except as a factor to aid in resolving cases of identical prices.
- 6) <u>MISCELLANEOUS:</u> Masculine pronouns shall be read to include feminine pronouns and the singular of any word or phrase shall be read to include the plural and vice versa.
- 7) <u>VENDOR REGISTRATION AND SOLICITATION NOTIFICATION SYSTEM:</u> Vendor Link NC allows Vendors to electronically register with the State to receive electronic notification of current procurement opportunities for goods and services available on the Interactive Purchasing System. Online registration and other purchasing information are available through our Internet web site: http://www.its.state.nc.us/ITProcurement/
- 8) <u>ORGANIZATION:</u> Vendors are directed to carefully review Section VI herein and fully comply with the content and organizational requirements therein.
- 9) E-PROCUREMENT: This is not an e-procurement solicitation.
 - a. General information on the e-procurement service can be found at http://www2.eprocurement.ncgov.com

B. General Conditions for Proposals

<u>Definitions</u>, <u>Acronyms and Abbreviations</u>. Generally, see 9 NCAC 06A.0102 for definitions. The following are additional defined terms:

- a) **The State:** Is the State of North Carolina, and its Agencies.
- b) ITS: Office of Information Technology Services.
- c) Goods: Includes intangibles such as computer software; provided, however that this definition does not modify the definition of "goods" in the context of N.C.G.S. §25-2-105 (UCC definition of goods).
- b) **Vendor:** Company, firm, corporation, partnership, individual, etc., submitting a response to a solicitation.
- c) **Open Market Contract:** A contract for the purchase of goods or services not covered by a term, technical, or convenience contract.
- d) **24x7:** A statement of availability of systems, communications, and/or supporting resources every hour (24) of each day (7 days weekly) throughout every year for periods specified herein. Where reasonable downtime is accepted, it will be stated herein. Otherwise, 24x7 implies NO loss of availability of systems, communications, and/or supporting resources.
- e) **Reasonable, Necessary or Proper**: as used herein shall be interpreted solely by the State of North Carolina.
- f) **RFP:** Request for Proposal
- 2) Read and Review. It shall be the Vendor's responsibility to read this entire document, review all enclosures and attachments, and comply with all requirements and the State's intent as specified herein. If a Vendor discovers an inconsistency, error or omission in this solicitation, the Vendor should request a clarification from the State's contact person listed on the front page of the solicitation. Questions and clarifications must be submitted in writing and may be submitted by personal delivery, letter, fax or e-mail within the time period identified hereinabove.

- 3) Vendor Responsibility. The Vendor(s) will be responsible for investigating and recommending the most effective and efficient technical configuration. Consideration shall be given to the stability of the proposed configuration and the future direction of technology. Vendor shall confirm to the best of its ability that the recommended approach is not short lived. Several approaches may exist for hardware configurations, other products and any software. The Vendor(s) must provide a justification for their proposed hardware, product and software solution(s) along with costs thereof. Vendors are encouraged to present explanations of benefits and merits of their proposed solutions together with any accompanying services, maintenance, warranties, value added services or other criteria identified herein.
- 4) Oral Explanations. The State will not be bound by oral explanations or instructions given at any time during the bidding process or after award. Vendor contact regarding this RFP with anyone other than the Agency contact or procurement officer named on Page 2 above may be grounds for rejection of said Vendor's offer. Agency contact regarding this RFP with any Vendor may be grounds for cancellation of this RFP.
- 5) <u>Insufficiency of References to Other Data</u>. Only information that is received in response to this RFP will be evaluated. Reference to information previously submitted <u>will not</u> be considered unless the information is included in Vendor's response to this RFP.
- 6) Conflict of Interest. Applicable standards may include: N.C.G.S. §§ 147-33.100, 14-234, 133-32. The Vendor shall not knowingly employ, during the period of this contract, nor in the preparation of any response to this solicitation, any personnel who are, or have been, employed by a Vendor also in the employ of the State and who are providing services involving, or similar to, the scope and nature of this solicitation or the resulting contract.
- 7) Contract Term. A contract awarded pursuant to this RFP shall have an effective date as provided in the Notice of Award. The term shall be **one** (1) year, and will expire upon the anniversary date of the effective date unless otherwise stated in the Notice of Award, or unless terminated earlier. The State retains the option to extend this contract for **two** (2) additional **one** (1) year periods at its sole discretion.
- 8) Effective Date. This solicitation, including any Exhibits, or any resulting contract or amendment shall not become effective nor bind the State until the appropriate State purchasing authority/official or Agency official has signed the document(s), contract or amendment; the effective award date has been completed on the document(s), by the State purchasing official, and that date has arrived or passed. The State shall not be responsible for reimbursing Vendor for goods provided nor services rendered prior to the appropriate signatures and the arrival of the effective date of the Contract. No contract shall be binding on the State until an encumbrance of funds has been made for payment of the sums due under the contract.
- Recycling and Source Reduction. It is the policy of this State to encourage and promote the purchase of products with recycled content to the extent economically practicable, and to purchase items which are reusable, refillable, repairable, more durable, and less toxic to the extent that the purchase or use is practicable and cost-effective. We also encourage and promote using minimal packaging and the use of recycled/recyclable products in the packaging of goods purchased. However, no sacrifice in quality of packaging will be acceptable. The Vendor remains responsible for providing packaging that will protect the commodity and contain it for its intended use. Vendors are strongly urged to bring to the attention of the purchasers at the Department of Administration Procurement Office those products or packaging they offer which have recycled content and that are recyclable.
- 10) <u>Historically Underutilized Businesses</u>. Pursuant to General Statute 143-48 and Executive Order #150, the State invites and encourages participation in this procurement process by businesses owned by minorities, women, disabled, disabled business enterprises and non-profit work centers for the blind and severely disabled. Additional information may be found at: http://www.doa.state.nc.us/doa/hub/
- 11) <u>Clarifications/Interpretations</u>. Any and all amendments or revisions to this document shall be made by written addendum from the DOA Procurement Office. Vendors may call the purchasing agent listed on the first page of this document to obtain a verbal status of contract award. If either a unit price or extended price is obviously in error and the other is obviously correct, the incorrect price will be disregarded.

- 12) <u>Rights Reserved</u>. While the State has every intention to award a contract as a result of this RFP, issuance of the RFP in no way constitutes a commitment by the State of North Carolina, or the procuring Agency, to award a contract. Upon determining that any of the following would be in its best interests, the State may:
 - a) waive any formality;
 - b) amend the solicitation;
 - c) cancel or terminate this RFP;
 - d) reject any or all proposals received in response to this document;
 - e) waive any undesirable, inconsequential, or inconsistent provisions of this document, which would not have significant impact on any proposal;
 - f) if the response to this solicitation demonstrate a lack of competition, negotiate directly with one or more Vendors:
 - g) not award, or if awarded, terminate any contract if the State determines adequate State funds are not available; or
 - h) if all responses are deficient, determine whether Wavier of Competition criteria may be satisfied, and if so, negotiate with one or more Vendors.
- 13) Alternate Bids. Vendor may submit alternate bids for various levels of service(s) or products meeting specifications. Alternate bids must specifically identify the RFP requirements and advantage(s) addressed by the alternate bid. Any alternate proposals must be clearly marked with the legend as shown herein. Each proposal must be for a specific set of services or products and bid at specific pricing. If a Vendor chooses to respond with various service or product offerings, each must be bid with a different price and a separate proposal response. Vendors may also provide multiple proposals for software or systems coupled with support and maintenance options, provided, however, all proposals must satisfy the specifications.

Alternate bids must be clearly marked

"Alternate bid for 'name of Vendor"

and numbered sequentially with the first bid if separate proposals are submitted.

This legend must be in bold type of not less than 14-point type on the face of the bid, and on the text of the alternative proposal.

- 14) <u>Co-Vendors</u>. Vendors may submit offers as partnerships or other business entities. Such partners or other "co-Vendors", if any, shall disclose their relationship fully to the State. The State shall not be obligated to contract with more than one Vendor. Any requirements for references, financial statements or similar reference materials shall mean **all** such partners or co-Vendors.
- 15) <u>Submitting a Proposal</u>. Each Vendor submitting a proposal warrants and represents that:
 - a) The proposal is based upon an understanding of the specifications and requirements described in this RFP.
 - b) Costs for developing and delivering responses to this RFP and any subsequent presentations of the proposal as requested by the State are entirely the responsibility of the Vendor. The State is not liable for any expense incurred by the Vendors in the preparation and presentation of their proposals.
- 16) All materials submitted in response to this RFP become the property of the State and are to be appended to any formal documentation, which would further define or expand any contractual relationship between the State and Vendor resulting from this RFP process.
- 17) A proposal may not be unilaterally modified by the Vendor for a 90-day period following the delivery of the proposal, or of any best and final offer.

C. Evaluation Process

- 1) "Best Value" procurement means the selection of a Vendor by determining which proposal offers the best tradeoff between price and performance, where quality is considered an integral performance factor. The award
 decision is made based on multiple factors, including: total cost of ownership, meaning the cost of acquiring,
 operating, maintaining, and supporting a product or service over its projected lifetime; the evaluated technical
 merit of the Vendor's proposal; the Vendor's past performance; and the evaluated probability of performing the
 requirements stated in the solicitation on time, with high quality, and in a manner that accomplishes the stated
 business objectives and maintains industry standards compliance. The intent of "Best Value" Information
 Technology procurement is to enable Vendors to offer and the Agency to select the most appropriate solution to
 meet the business objectives defined in the solicitation and to keep all parties focused on the desired outcome of a
 procurement.
- 2) Source selection. A trade-off/ranking method of source selection will be utilized in this procurement to allow the State to award the contract to the Vendor providing the Best Value, and recognizing that Best Value may result in award other than the lowest price or highest technically qualified offer. By using this method, the overall ranking may be adjusted up or down when considered with, or traded-off against other non-price factors.
 - a) The evaluation methodology shall be consistent with 9 NCAC 06B.0302, or the corresponding section of any future NC Administrative Code, and this section.
 - b) The evaluation committee may request clarifications, an interview with or presentation from any or all Vendors as allowed by 9 NCAC 06B.0307. However, the State may choose not to accept, in full or in part, a Vendor's response to a clarification request. Vendors are cautioned that the evaluators are not required to request clarifications; therefore, all offers should be complete and reflect the most favorable terms. Vendors should be prepared to send qualified personnel to Raleigh, North Carolina, to discuss technical and contractual aspects of the proposal.

The State will follow the process below when evaluating proposals submitted in response to this RFP:

- a) A one-step process shall be used. Vendors shall submit Offers combining technical and price information together.
- b) Evaluation Process Explanation. Evaluation Committee members will evaluate all proposals. All proposals will be initially classified as being responsive or non-responsive. If a proposal is found non-responsive, it will not be considered further. All responsive proposals will be evaluated based on stated evaluation criteria. Any references in an answer to another location in the RFP materials or Proposal shall have specific page numbers and sections stated in the reference.
- c) To be eligible for consideration, a vendor <u>must</u> meet the intent of all mandatory requirements. Compliance with the intent of all requirements will be determined by the State. Responses that do not meet the full intent of all requirements listed in this RFP may be subject to point reductions during the evaluation process or may be deemed non-responsive. Further, a serious deficiency in the response to any one factor may be grounds for rejection regardless of overall score.
- d) Vendors are advised that DOA is not obligated to ask for, or accept after the closing date for receipt of proposal, data that is essential for a complete and thorough evaluation of the proposal.
- 3) <u>Best and Final Offers (BAFO)</u>: If negotiations or subsequent offers are solicited, the Vendors shall provide BAFOs in response. Failure to deliver a BAFO when requested shall disqualify the non-responsive Vendor from further consideration. The State may establish a competitive range based upon evaluations of proposals, and request BAFOs from the Vendors within this range; e.g. "Finalist Vendors". The State will evaluate BAFOs and add any additional points to the Vendor's respective scores. Points awarded from oral presentations and product demonstrations during negotiations, if any, will be added to the previously assigned points to attain final scores.
- 4) <u>Evaluation Criteria:</u> The State may invite vendors in compliance with the Mandatory Proposal Requirements to make a presentation of their products to the Evaluation Committee for the purpose of additional evaluation. Vendor qualifications substantially impact the evaluation process, and will be evaluated for the following:

- a) Demonstration of compliance with the Mandatory Proposal Requirements
- b) Unit Costs
- c) Yearly Maintenance Costs
- d) The quality and cost of vendor support
- e) Financial history and stability of the vendor
- f) Vendor qualifications and experience
- g) The ease of oversight management by the State Board of Elections
- h) The ease of use by county election directors
- i) The ease of use by county election staff
- j) The ease of use by poll workers
- k) The ease of use by non-election personnel
- 1) The quality of material and training assessments
- m) The ease of customizing the product to individual county needs
- n) System Documentation
- o) Proposed Online Election Project Management for Election Officials Tool
- p) Proposed Online Election Night Results Reporting Tool
- q) Proposed Online Election Information Management Tool

5) Evaluation Criteria Weight:

Evaluation Factors (Mandatory requirements must be met first)	Relative Weight
Total Cost of Ownership	25%
Financial history and stability of the Vendor	5%
Vendor qualifications and experience	10%
Ease of use by all stakeholders	15%
Quality of material and training assessments	10%
Ease of initial setup and customizing the product to individual county needs	15%
System Documentation	5%
Proposed Online Election Project Management for Election Officials Too	5%
Proposed Online Election Night Results Reporting Tool	5%
Proposed Online Election Information Management Tool	5%
Total Weight	100%

- 6) Vendor may be disqualified from any evaluation or award if vendor, or any key personnel proposed, has previously failed to perform satisfactorily during the performance of any contract with the State, or violated rules or statutes applicable to public bidding in the State.
- 7) The Procurement Manager will make every effort to adhere to the following schedule:

Action	Responsibility	Date
Issue of RFP	DOA	June 15, 2007

Deadline To Submit Written Questions	Potential Vendors	June 22, 2007
Response to Written Questions/RFP Amendments	SBE/DOA	June 28, 2007
Submission of Proposal	Potential Vendors	July 5, 2007
Oral Presentation and Product Demonstrations by Finalists (OPTIONAL)	Potential Vendors	TBD
Contract Award	DOA	TBD
Protest Deadline	Vendors	TBD 15 Days After Award

- 8) Award Of Contract. Qualified proposals will be evaluated and acceptance may be made in accordance with Best Value procurement practices as defined by GS §143-135.9 and applicable administrative rules. The responsible Vendor whose proposal is most advantageous to the State, taking into consideration the evaluation factors herein, will be recommended for contract award. Unless otherwise specified by the State or the Vendor, the State reserves the right to accept any item or group of items on a multi-item proposal.
- 9) ITS has implemented links to the Interactive Purchasing System (IPS) that allow the public to retrieve proposal award information electronically from our Internet web site: http://www.ips.state.nc.us/ips/pubmain.asp. Click on the IPS BIDS icon, click on Search for BID, enter the Agency prefix-proposal number (13-6974331), and then search. This information may not be available for several weeks dependant upon the complexity of the acquisition and the length of time to complete the evaluation process.
- 10) <u>Protest Procedures</u>: Protests of awards exceeding \$25,000 in value must be submitted to the issuing Agency at the address given on the first page of this document. Protests must be received in this office within 15 calendar days from the date of the contract award and provide specific reasons and any supporting documentation for the protest. All protests will be governed by Title 9, Office of Information Technology Services, Subchapter 06B Sections .1009 .1029.

Section III. General Technical Specifications



- 1) Architecture. The North Carolina Statewide Technical Architecture is located at the following website: (http://www.ncsta.gov/). This provides a series of domain documents describing objectives, principles and best practices for the development, implementation, and integration of business systems. Agencies and Vendors should refer to these Architecture documents when implementing enterprise applications and/or infrastructure.
- 2) Equivalent Items. Whenever a material, article or piece of equipment is identified in the specification(s) by reference to a manufacturer's or Vendor's name, trade name, catalog number or similar identifier, it is intended to establish a standard, unless otherwise specifically stated as a brand specific requirement (no substitute items will be allowed). Any material, article or piece of equipment of other manufacturers or Vendors shall perform to the standard of the item named. Equivalent bids must be accompanied by sufficient descriptive literature and/or specifications to provide for detailed comparison. Samples of items, if required, shall be furnished at no expense to the State and if not destroyed in the evaluation process, may be returned to the Vendor at the Vendor's expense.
- 3) All bids shall include specifications and technical literature sufficient to allow the State to determine that the equipment meets all requirements. This technical literature will be the primary source for bid evaluation. If a

- requirement is not addressed in the technical literature it must be supported by additional documentation and included with the bid. Bid responses without sufficient technical documentation may be rejected.
- 4) The State may, in its sole discretion, investigate any substitute or equivalent goods irrespective of any representation made by a Vendor or manufacturer.
- 5) Specifications: Any deviation from specifications indicated herein must be clearly identified as an exception and listed on a separate page labeled "Exceptions to Specification"; otherwise, it will be considered that items offered are in strict compliance with these specifications, and Vendor will be held responsible. Any deviations shall be explained in detail. The Vendor shall not construe this paragraph as inviting deviation or implying that any deviation will be acceptable. Offers of alternative or equivalent goods may be rejected; and if offered, must be supported by independent documentary verification of equivalence to the specified goods.
- 6) Technical Specifications. Means, as used herein, a specification that documents the requirements of a system or system component. It typically includes functional requirements, performance requirements, interface requirements, design requirements, development standards, maintenance standards, or similar terms. Compliance with technical specifications is mandatory

Section IV: Mandatory Requirements and Technical Specifications

Requirement #1 Statewide Uniform Price

- 1) The vendor's proposal shall provide:
 - a) A statewide uniform per month service price for each tool of the software.
 - b) An alternate discount service procurement price for a complete package of all tools.

Requirement #2 Financial Statements and References

- 1) The vendors' proposal shall provide:
 - a) **Total Annual Revenue:** State the prime vendor's and each subcontractor's total annual revenue for the past five (5) years if the company has been in business, either as a single entity or as a division, subsidiary, or owned affiliate of a parent company. Indicate the revenues associated with the provision of services to election officials or relevant to the provision of goods and services to election officials. If this information is not available for five (5) years the vendor and the subcontractor(s) shall state the reason(s) why the information is not available. It is not acceptable for a vendor to respond that detailed financial information will be provided only after the vendor is selected as an apparently successful vendor. Failure to provide adequate financial information might lead to disqualification of the vendor from further consideration in this procurement.
 - b) **Annual Reports:** Include the prime vendor's and each subcontractor's most recent annual report and Audited Financial Statements (or SEC filing 10K) for the past five (5) years. If this information is not available for five (5) years the vendor and the subcontractor(s) shall state the reason(s) why the information is not available and provide information that is available.
 - c) **References:** The vendor must describe its customer base for the proposed products including a profile of geographical areas served, customer size, and type of solutions and services provided. Vendor must submit the company names, addresses, telephone numbers, contacts, and a brief contract description of clients in the United States for whom comparable projects have been completed.

Requirement #3 Delivery Schedule

The vendor shall provide a detailed schedule for providing the services for hosting a web-based software.

It is the desire of the State Board of Elections to implement, at a minimum, the Online Training and Online Project Management Tools in time for elections that are being held in September, October and November of 2007.

Requirement #4 Vendor Requirements

- 1) The vendor shall be the Application Service Provider (ASP) for the service procured web-based tools.
- 2) The vendor shall provide an ASP solution that provides scalability, the ability to secure, reliability, (e.g. no single point of failure) and recoverability.
- 3) The vendor shall backup the key elements of the platform.
- 4) The vendor shall describe the method of providing secure access to the web-based tools.
- 5) The vendor shall describe in writing and be prepared to discuss their capability to incorporate NCID security into the software application. NCID information link: https://www.ncid.its.state.nc.us/
- 6) All proposed tools must be customizable.
- 7) The vendor shall be responsible for any photographs, videos, characters, props, or other media necessary for production of the programs.
- 8) The solution must allow the State and County to add media as necessary to localize the program.
- 9) The State Board of Elections (SBE) shall retain ownership of all materials it provides which will be used to customize the training programs.
- 10) The vendor shall provide training manuals based on the curriculum in both a Word and PDF format.
- 11) The manual content shall additionally be delivered in the form of Computer Based Technology (CBT) that can be distributed via a CD-ROM.
- 12) The vendor shall provide a technical/administrator manual for the web-based tools.
- 13) The vendor shall provide training in the administration of the web-based manuals to both State and County Board of Election officials.
- 14) The Maintenance and Support section of the web-based tools shall:
 - Provide Help Desk support availability on a 24 hours a day by seven day a week basis.
 - Provide a disaster recovery plan for the hosted application.
 - Provide fixes for any bugs or malfunctions at no additional cost to the state.
 - Propose terms of a service level agreement (SLA) for application performance and availability. The SLA shall:
 - o Include Service level targets as well as thresholds to trigger penalties.
 - o Include service level metrics that are clearly defined and supported by examples.
 - o Include a clear definition of SLA penalties.
 - Provide remote diagnostic services, modifications as necessary to permit the system to remain current with other system software.
- 15) Provide updates to training and technical documentation to support software changes.
- 16) The vendor shall assign a PMP certified project manager to the project during the implementation process. It is not required that the Project Manager be on-site.

Requirement #5 Online Election Training for Election Officials and Poll Workers Tool

- 1) The web-based training tool shall:
 - Provide training to county election board members, county election officials, election poll workers, and county election technicians.
 - Operate on Windows compatible computers utilizing a current version of Internet Explorer.
 - Must accommodate a minimum of 10,000 registered users.
 - Must accommodate 2,000 simultaneous users.
 - Provide an interactive, multimedia (video, graphics, auditory, text) experience designed for adult learning styles.
 - Allow election officials to monitor on-line participation and progress to date.

- Provide training to key personnel in various roles including administrators, super-users and trainers.
- Have the ability to select training with or without sound.
- Provide an interactive curriculum which provides feedback to the user upon correct or incorrect response to a question.
- Provide "pop-up" assessments throughout the curriculum to aide the person in retaining the curriculum.
- Utilize interactive tools and activities for the user being trained (examples: populate a form, select appropriate answers to questions).
- Make available on-line training information or results to users with the appropriate access rights.
- Support self-paced training with the ability to discontinue training and reenter at the same page/position at a later time or date.
- Provide trainees a current status of their training upon accessing the system. This status must include the results of all assessments.
- Include test banks to ensure random sampling of assessment questions so a trainee would encounter a different question on subsequent assessments of the same material.
- Be dynamic and provide capability for content addition or modification by authorized users.
- 2) The Management and Administration section of the web-based training tool shall:
 - Include password protected administration functions.
 - Allow on-line enrollment tracking.
 - Track the completion of sessions and/or the full course by each enrollee.
 - Monitor competency testing scores or performance.
 - Maintain a centralized repository and archives of records of trainees.
 - Require trainees to work sequentially through curriculum initially, but once the curriculum is completed, allow for selection of individual modules for review.
 - Have report generation capacity including but not limited to reports generated by date and/or county of enrollees, status, completion, scores, or competency.
 - Be "role-based", that is, be capable of providing curriculum based upon roles chosen by administrator.
- 3) The Voting Machine training section of the web-based training tool shall:
 - Provide separate and specific training on each certified system and component.
 - Demonstrate the use of each voting unit including systems for voters with disabilities.
 - Include set up, operation, and repacking of voting system component.
 - Include sources for trouble-shooting voting systems.
 - Demonstrate the tabulation of voting results.
 - Demonstrate the safeguards to prevent and detect tampering or theft of the voting system.
 - Demonstrate the printing of a "zero tape" and/or verifying of the zero count before the polls open.
 - Demonstrate using the battery backup during electrical failure.
- 4) The Election training section of the web-based training tool shall:
 - Provide the local procedures for election material pick-up.
 - Include instruction on how to physically arrange the polling place.
 - Review the supplies and forms that must be displayed and reviewed.
 - Provide general instructions about the polling place.
 - Demonstrate opening and closing of the polling locations on Election Day.
 - Demonstrate the process of qualifying voters.
 - Demonstrate the processing of voters including processing curbside and provisional voters.
 - Display examples of each type of voter that may be encountered.
 - Provide instructions for vote tabulation.
 - Provide closedown procedures for the polling place.
 - Provide instructions for the return of election materials and supplies.

• Provide instructions on what a Polling Observers and Runners can and cannot do.

Section V: Other Requirements and Special Terms

Requirement #1 Online Election Project Management for Election Officials Tool

- 1) The Project Management tool shall:
 - Have Election calendars pre-loaded annually with statutory events.
 - Display critical election tasks on a Dashboard showing the latest information summarized for decision makers.
 - Provide participation for State, district and county officials with the ability to participate at all levels.
 - Utilize Project Management tools that can be synchronized with MS Outlook.
 - Include an integrated comprehensive Cost Management tracking tool.
 - Import and Export to other management tools.
 - Be role specific with views, tasks, notifications and security.
 - Be accessible 24 hours a day, seven days a week.
 - Provide pre-loaded best election practices as approved by the State.
 - Allow an unlimited number of projects and tasks with as many sub-levels of hierarchy as needed.
 - Have the ability to split large tasks into small ones, assign deadlines and team members, specify estimated durations and activity categories.
 - Have user set Task Alerts for notification of scheduled tasks.
 - Provide a set of ready-to-use reports showing all aspects of the project development process at a glance.
 - Provide a summary view for all projects, resource workloads, team member timesheets, estimated time vs. actual time and issue and request statistics.
 - Provide a Calendar function that allows the user to view their schedule month by month or get the detailed daily view.
 - Be expandable to include:
 - Voting equipment inventory management
 - o Help Desk tracking system with "issue lookup" capability
 - o Wellness Check monitoring

Requirement #2 Online Election Night Results Reporting Tool

- 1) The Election Night Results tool shall:
 - Provide graphical displays of election night results in bar charts and maps.
 - Have the ability to support multiple voting system vendors.
 - Provide for automated email distribution of results.
 - Provide the ability to download in Excel the election summary and detailed reports.
 - Prevent public access link to the system.
 - Provide a method to review the election night results prior to making live to the public.
 - Deliver detailed election results by vote type (absentee, precinct).
 - Have the ability to send the election night results to a county web-site.
 - Have the ability to send the election night results to the state web-site.
 - Have the ability to pass the results data on a real time basis to the state central database.
 - Have the ability to produce canvass reports for the county canvass.
 - Have the ability to produce state canvass reports.

• Provide support to automate cross checking of county canvass data in the state canvass.

Requirement #3 Online Election Information Management Tool

- 1) The Election Information tool shall:
 - Be easily customizable to the needs of each county.
 - Have a built-in ability to display multiple languages including English and Spanish.
 - Provide a Candidate filing capability that captures the data necessary to log the information required by law for a candidate filing in North Carolina. Provide the ability to generate a form for the candidate to sign his/her declaration of candidacy.
 - Display sample ballots for voters by address lookup.
 - Display polling place and location information by address lookup.
- 4) Warranty: The bidder warrants to the State that all goods and services provided, including training programs, will be of good material and workmanship acceptable to the State. The vendor shall provide a warranty and maintenance agreement through one federal election cycle (the certification of the first federal election) beginning on the date of acceptance by the SBE of the software and services regardless of whether this warranty period shall extend beyond the term of the initial contract. The vendor shall also describe in detail services to be covered under the warranty and warranty response time after notification. The expectation is that 95% of the warranty service calls will be responded to within the timeframes specified in this RFP. The State will verify, on a sample basis, that the timeframes are being met.
- 5) <u>User Acceptance Testing</u>: The State of North Carolina Board of Elections (SBE) shall be responsible for conducting user acceptance testing on those systems and components after the vendor delivers them. The user acceptance tests will verify that the delivered system and components meet the business and technical requirements stated in this RFP. The respective receiving county shall complete acceptance testing for each software tool within 30 days after receipt of each shipment. The vendor shall provide assistance to the receiving county in carrying out the acceptance testing procedures to the extent the receiving county so requests, provided the receiving county notifies the vendor at least 15 days in advance of scheduled testing. A receiving county must notify the vendor in writing when that receiving county completes acceptance testing. The receiving county must identify and notify in writing any functions that have not performed correctly. The vendor must repair or replace any unaccepted or defective component within 15 working days after this notification. The receiving county must test the corrections within 10 working days of receipt from the vendor. The failure of the receiving county to notify the vendor of non-acceptance of replacement or repaired components within such 10 working day period shall be deemed acceptance by the receiving county.
- 6) Maintenance Requirements: The vendor must offer at least four (4) additional years of maintenance for use after the initial warranty period expires. The State may elect to receive approved provider's then-current maintenance service upon payment of applicable maintenance fees, beginning at the end of the warranty period. Maintenance services may be renewed upon written notice by the State or county prior to the contract anniversary date. Escalation of maintenance fees shall not exceed 5% per year. Any maintenance agreements shall be subject to the terms of this contract.

7) Financial Statements:

Annual Reports: Include the prime vendor's and each subcontractor's most recent annual report and Audited Financial Statements (or SEC filing 10K) for the past five (5) year if available. If this information is not available for five (5) years the vendor and the subcontractor(s) shall state the reason(s) why the information is not available.

Section VI: Cost Proposal

- 1) The vendor must list and describe any applicable proposal costs which must include the following:
 - 1st Year Hosting and Support
 - ▲ Implementation
 - ▲ Training
 - ▲ Technical and User Documentation
 - 2nd Year Hosting and Support
 - 3rd Year Hosting and Support
 - 4th Year Hosting and Support
 - 5th Year Hosting and Support
 - Conversion of WBT to CBT and DVD training media
 - System alterations and changes

Service Cost Proposal Table

Vend	dor's	S	Name:	
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Online Election Training for Election Officials and Poll Workers Tool			
Deliverable	Total Cost	Type	
1st Year Hosting and Support		Monthly Service Fee	
Includes:			
▲ Implementation			
▲ Training			
▲ Technical and User Documentation			
2 nd Year Hosting and Support		Monthly Service Fee	
3 rd Year Hosting and Support		Monthly Service Fee	
4 th Year Hosting and Support		Monthly Service Fee	
5 th Year Hosting and Support		Monthly Service Fee	
Conversion of WBT to CBT and DVD training media – minimum of 500		Each	
System alterations and changes – hourly rate		Each	

Online Election Project Management for Election Officials Tool				
Deliverable	Total Cost	Type		
1st Year Hosting and Support		Monthly Service Fee		
Includes:				
▲ Implementation				
▲ Training				
▲ Technical and User Documentation				
2 nd Year Hosting and Support		Monthly Service Fee		
3 rd Year Hosting and Support		Monthly Service Fee		
4 th Year Hosting and Support		Monthly Service Fee		
5 th Year Hosting and Support		Monthly Service Fee		
Conversion of WBT to CBT and DVD training media – minimum of 500		Each		
System alterations and changes – hourly rate		Each		

Online Election Night Results Reporting Tool			
Deliverable	Total Cost	Type	
1st Year Hosting and Support		Monthly Service Fee	
Includes:			
▲ Implementation			
▲ Training			
▲ Technical and User Documentation			
2 nd Year Hosting and Support		Monthly Service Fee	
3 rd Year Hosting and Support		Monthly Service Fee	
4 th Year Hosting and Support		Monthly Service Fee	
5 th Year Hosting and Support		Monthly Service Fee	
Conversion of WBT to CBT and DVD training media – minimum of 500		Each	
System alterations and changes – hourly rate		Each	

Online Election Information Management Tool		
Deliverable	Total Cost	Type
1 st Year Hosting and Support		Monthly Service Fee
Includes:		
▲ Implementation		
▲ Training		
▲ Technical and User Documentation		
2 nd Year Hosting and Support		Monthly Service Fee
3 rd Year Hosting and Support		Monthly Service Fee
4 th Year Hosting and Support		Monthly Service Fee
5 th Year Hosting and Support		Monthly Service Fee
Conversion of WBT to CBT and DVD training media – minimum of 500		Each
System alterations and changes – hourly rate		Each

AND

Complete Package Discount Price			
Deliverable	Total Cost	Type	
Online Election Training for Election Officials and Poll Workers Tool		Monthly Service Fee	
Online Election Project Management for Election Officials Tool			
Online Election Night Results Reporting Tool			
Online Election Information Management Tool			
Includes:			
▲ Implementation			
▲ Training			
▲ Technical and User Documentation			
2 nd Year Hosting and Support		Monthly Service Fee	
3 rd Year Hosting and Support		Monthly Service Fee	
4 th Year Hosting and Support		Monthly Service Fee	
5 th Year Hosting and Support		Monthly Service Fee	
Conversion of WBT to CBT and DVD training media – minimum of 500		Each	
System alterations and changes – hourly rate		Each	

VENDORS WHO PROPOSE AN ALTERNATIVE COST RESPONSE MUST SUBMIT A SEPARATE DOCUMENT LABELED, "ALTERNATE COST RESPONSE".

PLACE THE COMPLETED COST PROPOSAL TABLE \underline{BEHIND} THE LETTER OF TRANSMITTAL PAGE AND $\underline{IN\ FRONT}$ OF YOUR BID RESPONSE.

Section VII: Proposal Content and Organization

- 1) This section should contain all relevant and material information relating to the vendor's organization, personnel, and experience that would substantiate its qualifications and capabilities to perform the services and/or provide the goods described in this RFP. If any relevant and material information is not provided, the offer may be rejected from consideration and evaluation. Proposals will be considered and evaluated based upon the vendor's full completion and response to the following, and any additional requirements herein, or stated in a separate Exhibit.
- 2) Information and Descriptive Literature. Vendor must furnish all information requested; and if response spaces are provided in this document, the vendor shall furnish said information in the spaces provided. Further, if required elsewhere in this proposal, each vendor must submit with their proposal sketches, descriptive literature and/or complete specifications covering the products offered. References to literature submitted with a previous proposal will not satisfy this provision. Proposals that do not comply with these requirements may be rejected.
- 3) Proposal Content. Demonstrate compliance with all mandatory conditions, requirements and terms of performance.
 - a) Clearly state your understanding of this RFP.
 - i) Response to mandatory and desired technical specifications
 - ii) Cost proposal
 - b) Detailed description of vendor's firm must include all of the following:
 - i) Full name, Federal Tax identification number, address, and telephone number of the organization;
 - ii) Date established;
 - iii) Background of firm;
 - iv) Ownership (public company, partnership, subsidiary, etc.);
 - v) If incorporated, state of incorporation must be included.
 - vi) Number of full-time employees on January 1st for the last three years or for the duration vendor's firm has been in business, whichever is less.
- 4) Any errata or exceptions must be stated on a separate page, labeled "Errata and/or Exceptions" with references to the corresponding terms or provisions of the Solicitation.
- 5) Proposal Format. The proposals should be organized in the exact order in which the requirements and/or desirable performance criteria are presented in the RFP. The Execution page of this RFP must be placed at the front of the Proposal. All proposals should be typewritten on standard 8 ½ x 11 paper (larger paper is permissible for charts, spreadsheets, etc.) and placed within a binder with tabs delineating each section. Each page should be numbered. The proposal should contain a table of contents, which cross-references the RFP requirement and the specific page of the response in the vendor's proposal.
- 6) Vendors are strongly encouraged to adhere to the following general instructions in order to bring clarity and order to the proposal and subsequent evaluation process:
 - a) Elaborate proposals in the form of brochures or other presentations beyond that necessary to present a complete and effective proposal are not desired.
 - b) The response should be complete and comprehensive with a corresponding emphasis on being concise and clear.
- 7) Proposal Organization: The proposal should be organized and indexed in the following format and should contain, at a minimum, all listed items in the sequence indicated.
 - a) Letter of Transmittal Each proposal must be accompanied by a letter of transmittal that provides the following information:
 - i) Identify the submitting organization;

- ii) Identify the name, title, telephone and fax numbers, and e-mail address of the person authorized by the organization to contractually obligate the organization;
- iii) Identify the name, title, telephone and fax numbers, and e-mail address of the person authorized to negotiate the contract on behalf of the organization;
- iv) Identify the names, titles, telephone and fax numbers, and e-mail addresses of persons to be contacted for clarification;
- v) Acknowledge receipt of any and all amendments to this RFP.
- b) Cost Response Form
- c) Table of Contents
- d) Proposal Summary. A proposal summary may be included by vendors to provide the Evaluation Committee with an overview of the technical and business features of the proposal; however, this material will not be used in the evaluation process unless specifically referenced from other portions of the vendor's proposal
- e) Response to Technical Specifications
- f) Response to Business Specifications
- g) Errata and Exceptions, if any
- h) Copy of vendor's Maintenance Agreements
- i) Other Supporting Material Including Technical System Documentation
- j) Training and Other Materials, Samples or Examples
- k) Within each section of their proposal, vendors should address the items in the order in which they appear in this RFP. Forms, if any, provided in the RFP must be thoroughly completed and included in the appropriate section of the proposal. All discussion of proposed costs, rates, or expenses must be presented with the cost response.
- 8) Any proposal that does not adhere to these requirements may be deemed non-responsive and rejected on that basis.
- 9) Vendors may attach other materials that they feel may improve the quality of their responses. However, these materials should be included as items in a separate appendix.

Section VIII: General Terms and Conditions for Goods and Related Services

Definitions: As used herein:

<u>State</u> shall mean the State of North Carolina, the Office of Information Technology Services as an Agency or in its capacity as the Award Authority.

Purchasing State Agency or Agency shall mean the Agency purchasing the goods or services.

1) **Standards:** Manufactured items and/or fabricated assemblies comprising Deliverables shall meet all requirements of the Occupational Safety and Health Act (OSHA), and State and federal requirements relating to clean air and water pollution, if applicable. Vendor will provide and maintain a quality assurance system or program that includes any Deliverables and will tender to the State only those Deliverables that have been inspected and found to conform to the requirements of this Contract. All manufactured items and/or fabricated assemblies comprising Deliverables are subject to operation, certification or inspection, and accessibility requirements as required:

by State or federal Regulation,

by State CIO policy or regulation, or

• acceptance with appropriate standards of operations or uses of said Deliverables as may be shown by identification markings or other means of the appropriate certifying standards organization.

- a) Goods Return: Deliverables and any other goods or materials furnished by the vendor to fulfill technical requirements shall be in good working order and be maintained in good working order by vendor for the duration of the Contract; unless otherwise provided in a separate maintenance agreement or in the Solicitation Documents. Deliverables failing to meet the State's technical requirements shall be considered non-conforming goods and subject to return to the vendor for replacement at the State's option, and at the vendor's expense. The State is responsible for the return costs related to the termination of a Contract, including deinstallation, and freight to destinations within the Continental United States; except in the case of default by the vendor or delivery of non-conforming goods by vendor. Shipping or freight charges, if any, paid by the State for non-conforming goods will be reimbursed to the State.
- b) **Specifications:** The apparent silence of the specifications as to any detail, or the apparent omission of detailed description concerning any point, shall be regarded as meaning that only the best commercial practice is to prevail and only material and workmanship of the first quality may be used. Upon any notice of noncompliance provided by the State, Vendor shall supply proof of compliance with the specifications. Vendor must provide written notice of its intent to deliver alternate or substitute products, goods or Deliverables. Alternate or substitute products, goods or Deliverables may be accepted or rejected in the sole discretion of the State; and any such alternates or substitutes must be accompanied by vendor's certification and evidence satisfactory to the State that the function, characteristics, performance and endurance will be equal or superior to the original Deliverables specified.
- 2) Warranties: Vendor shall assign all applicable third party warranties for Deliverables to the Purchasing State Agency.
- 3) **Personnel:** Vendor shall not substitute key personnel assigned to the performance of this Contract without prior written approval by the Agency Contract Administrator. Any desired substitution shall be noticed to the Agency's Contract Administrator accompanied by the names and references of vendor's recommended substitute personnel. The Agency will approve or disapprove the requested substitution in a timely manner. The Agency may, in its sole discretion, terminate the services of any person providing services under this Contract. Upon such termination, the Agency may request acceptable substitute personnel or terminate the contract services provided by such personnel.
- 4) **Subcontracting:** The vendor may subcontract the performance of required services with other vendors or third parties, or change subcontractors, only with the prior written consent of the contracting authority. Vendor shall provide the State with complete copies of any agreements made by and between vendor and all subcontractors. The selected vendor remains solely responsible for the performance of its subcontractors. Subcontractors, if any, shall adhere to the same standards required of the selected vendor. Any contracts made by the vendor with a subcontractor shall include an affirmative statement that the State is an intended third party beneficiary of the contract; that the subcontractor has no agreement with the State; and that the State shall be indemnified by the vendor for any claim presented by the subcontractor. Notwithstanding any other term herein, vendor shall timely exercise its contractual remedies against any non-performing subcontractor and, when appropriate, substitute another subcontractor.
- 5) **Vendor's Representation:** Vendor warrants that qualified personnel will provide services in a professional manner. "Professional manner" means that the personnel performing the services will possess the skill and competence consistent with the prevailing business standards in the information technology industry. Vendor agrees that it will not enter any agreement with a third party that might abridge any rights of the State under this Contract. Vendor will serve as the prime vendor under this Contract. Should the State approve any subcontractor(s), the vendor shall be legally responsible for the performance and payment of the subcontractor(s). Names of any third party vendors or subcontractors of vendor may appear for purposes of convenience in Contract documents; and shall not limit vendor's obligations hereunder. Third party subcontractors, if approved, may serve as subcontractors to vendor. Vendor will retain executive representation for functional and technical expertise as needed in order to incorporate any work by third party subcontractor(s).

6) Reserved:

7) Governmental Restrictions: In the event any restrictions are imposed by governmental requirements that necessitate alteration of the material, quality, workmanship, or performance of the Deliverables offered prior to delivery thereof, the vendor shall provide written notification of the necessary alteration(s) to the Agency Contract Administrator. The State reserves the right to accept any such alterations, including any price adjustments occasioned thereby, or to cancel the Contract. The State may advise vendor of any restrictions or changes in specifications required by North Carolina legislation, rule or regulatory authority that require compliance by the State. In such event, vendor shall use its best efforts

to comply with the required restrictions or changes. If compliance cannot be achieved by the date specified by the State, the State may terminate this Contract and compensate vendor for sums due under the Contract.

- 8) **Prohibition Against Contingent Fees and Gratuities:** Vendor warrants that it has not paid, and agrees not to pay, any bonus, commission, fee, or gratuity to any employee or official of the State for the purpose of obtaining any contract or award issued by the State. Vendor further warrants that no commission or other payment has been or will be received from or paid to any third party contingent on the award of any contract by the State, except as shall have been expressly communicated to the State Purchasing Agent in writing prior to acceptance of the Contract or award in question. Each individual signing below warrants that he or she is duly authorized by their respective Party to sign this Contract and bind the Party to the terms and conditions of this Contract. Vendor and their authorized signatory further warrant that no officer or employee of the State has any direct or indirect financial or personal beneficial interest, in the subject matter of this Contract; obligation or contract for future award of compensation as an inducement or consideration for making this Contract. Subsequent discovery by the State of non-compliance with these provisions shall constitute sufficient cause for immediate termination of all outstanding contracts. Violations of this provision may result in debarment of the vendor(s) or vendor(s) as permitted by 9 NCAC 06B.1009(f), 06B.1030, or other provision of law.
- 9) Availability of Funds: Any and all payments to vendor are expressly contingent upon and subject to the appropriation, allocation and availability of funds to the Agency for the purposes set forth in this Contract. If this Contract or any Purchase Order issued hereunder is funded in whole or in party by federal funds, the Agency's performance and payment shall be subject to and contingent upon the continuing availability of said federal funds for the purposes of the Contract or Purchase Order. If the term of this Contract extends into fiscal years subsequent to that in which it is approved, such continuation of the Contract is expressly contingent upon the appropriation, allocation and availability of funds by the N.C. Legislature for the purposes set forth in the Contract. If funds to effect payment are not available, the Agency will provide written notification to vendor. If the Contract is terminated under this paragraph, vendor agrees to take back any affected Deliverables and software not yet delivered under this Contract, terminate any services supplied to the Agency under this Contract, and relieve the Agency of any further obligation thereof. The State shall remit payment for Deliverables and services accepted prior to the date of the aforesaid notice in conformance with the payment terms.
- 10) **Payment Terms:** Payment terms are Net 30 days after receipt of correct invoice or acceptance of the Deliverables, whichever is later; unless a period of more than 30 days is required by the State Agency. The county government contracting with the vendor is responsible for all payments under the Contract.
- 11) **Equal Employment Opportunity:** Vendor shall comply with all Federal and State requirements concerning fair employment and employment of the disabled, and concerning the treatment of all employees without regard to discrimination by reason of race, color, religion, sex, national origin or physical disability.
- 12) **Advertising/Press Release:** The vendor absolutely shall not publicly disseminate any information concerning the Contract without prior written approval from the State or its Agent. For the purpose of this provision of the Contract, the Agent is the Purchasing Agency Contract Administrator unless otherwise named in the solicitation documents.
- 13) Confidentiality: In accordance with 9 NCAC 06B.0207 and 06B.1001 and to promote maximum competition in the State competitive bidding process, the State may maintain the confidentiality of certain types of information described in N.C. Gen. Stat. §132-1 et. seg. Such information may include trade secrets defined by N.C. Gen. Stat. §66-152 and other information exempted from the Public Records Act pursuant to N.C. Gen. Stat. §132-1.2. Vendor may designate appropriate portions of its response as confidential, consistent with and to the extent permitted under the Statutes and Rules set forth above, by marking the top and bottom of pages containing confidential information with a legend in boldface type "CONFIDENTIAL". By so marking any page, the vendor warrants that it has formed a good faith opinion, having received such necessary or proper review by counsel and other knowledgeable advisors, that the portions marked confidential meet the requirements of the Rules and Statutes set forth above. However, under no circumstances shall price information be designated as confidential. The State may serve as custodian of vendor's confidential information and not as an arbiter of claims against vendor's assertion of confidentiality. If an action is brought pursuant to N.C. Gen. Stat. §132-9 to compel the State to disclose information marked confidential, the vendor agrees that it will intervene in the action through its counsel and participate in defending the State, including any public official(s) or public employee(s). The vendor agrees that it shall hold the State and any official(s) and individual(s) harmless from any and all damages, costs, and attorneys' fees awarded against the State in the action. The State agrees to promptly notify the vendor in writing of any action seeking to compel the disclosure of vendor's confidential information. The State shall have the right, at its option and expense, to participate in the defense of the action through its counsel. The State shall have no liability to

vendor with respect to the disclosure of vendor's confidential information ordered by a court of competent jurisdiction pursuant to N.C. Gen. Stat. §132-9 or other applicable law.

- a) Care of Information: Vendor agrees to use commercial best efforts to safeguard and protect any data, documents, files, and other materials received from the State or the Agency during performance of any contractual obligation from loss, destruction or erasure.
- b) Vendor warrants that all its employees and any approved third party vendors or subcontractors are subject to a non-disclosure and confidentiality agreement enforceable in North Carolina. Vendor will, upon request of the State, verify and produce true copies of any such agreements. Production of such agreements by vendor may be made subject to applicable confidentiality, non-disclosure or privacy laws; provided that vendor produces satisfactory evidence supporting exclusion of such agreements from disclosure under the N.C. Public Records laws in NCGS §132-1 et. seq. The State may, in its sole discretion, provide a non-disclosure and confidentiality agreement satisfactory to the State for vendor's execution. The State may exercise its rights under this subparagraph as necessary or proper, in its discretion, to comply with applicable security regulations or statutes including, but not limited to 26 USC 6103 and IRS Publication 1075, (Tax Information Security Guidelines for Federal, State, and Local Agencies), HIPAA, 42 USC 1320(d) (Health Information Portability and Accountability Act), any implementing regulations in the Code of Federal Regulations, and any future regulations imposed upon the Office of Information Technology Services or the N.C. Department of Revenue pursuant to future statutory or regulatory requirements.
- c) Nondisclosure: vendor agrees and specifically warrants that it, its officers, directors, principals and employees, and any subcontractors, shall hold all information received during performance of this Contract in the strictest confidence and shall not disclose the same to any third party without the express written approval of the State.
- 14) **Deliverables:** Deliverables, as used herein, shall comprise all project materials, including goods, software, data, and documentation created during the performance or provision of services hereunder. Deliverables are the property of the State of North Carolina and must be kept confidential or returned to the Agency, to ITS procurement, or destroyed as required by the State. Proprietary vendor materials licensed to the State shall be identified to the State by vendor prior to use or provision of services hereunder and shall remain the property of the vendor. Embedded software or firmware shall not be a severable Deliverable. The State's solicitation document may supplement or substitute this definition and the requirements set forth in this Paragraph. Deliverables include "Work Product" and means any expression of Licensor's findings, analyses, conclusions, opinions, recommendations, ideas, techniques, know-how, designs, programs, enhancements, and other technical information; but not source and object code or software. All Software source and object code is the property of Licensor and is licensed nonexclusively to the State, at no additional license fee, pursuant to the terms of the software license contained herein, and in the Supplemental Terms and Conditions for Software and Services or the License Agreement if incorporated in the Solicitation Documents.

15) Patent, Copyright, and Trade Secret Protection:

- a) Vendor has created, acquired or otherwise has rights in, and may, in connection with the performance of services for the State, employ, provide, create, acquire or otherwise obtain rights in various concepts, ideas, methods, methodologies, procedures, processes, know-how, techniques, models, templates and general purpose consulting and software tools, utilities and routines (collectively, the "Vendor Technology"). To the extent that any vendor Technology is contained in any of the Deliverables including any derivative works, the vendor hereby grants the State a royalty-free, fully paid, worldwide, perpetual, non-exclusive license to use such Vendor Technology in connection with the Deliverables for the State's purposes.
- b) Vendor shall not acquire any right, title and interest in and to the copyrights for goods, any and all software, technical information, specifications, drawings, records, documentation, data or derivative works thereof, or other work products provided by the State to vendor. The State hereby grants vendor a royalty-free, fully paid, worldwide, perpetual, non-exclusive license for vendor's internal use to non-confidential Deliverables first originated and prepared by the vendor for delivery to the State.
- c) The vendor, at its own expense, shall defend any action brought against the State to the extent that such action is based upon a claim that the services or Deliverables supplied by the vendor, or the operation of such Deliverables pursuant to a current version of vendor-supplied software, infringes a United States patent, or copyright or violates a trade secret. The vendor shall pay those costs and damages finally awarded against the State in any such action. Such defense and payment shall be conditioned on the following:

- i. That the vendor shall be notified within a reasonable time in writing by the State of any such claim; and,
- ii. That the vendor shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise, provided, however, that the State shall have the option to participate in such action at its own expense.
- d) Should any services or software supplied by vendor, or the operation thereof become, or in the vendor's opinion are likely to become, the subject of a claim of infringement of a United States patent, copyright, or a trade secret, the State shall permit the vendor, at its option and expense, either to procure for the State the right to continue using the goods/hardware or software, or to replace or modify the same to become noninfringing and continue to meet procurement specifications in all material respects. If neither of these options can reasonably be taken, or if the use of such goods/hardware or software by the State shall be prevented by injunction, the vendor agrees to take back such goods/hardware or software, and refund any sums the State has paid vendor less any reasonable amount for use or damage and make every reasonable effort to assist the State in procuring substitute Deliverables. If, in the sole opinion of the State, the return of such infringing Deliverables makes the retention of other items of Deliverables acquired from the vendor under this Contract impractical, the State shall then have the option of terminating the Contract, or applicable portions thereof, without penalty or termination charge. The vendor agrees to take back such Deliverables and refund any sums the State has paid vendor less any reasonable amount for use or damage.
- e) Vendor will not be required to defend or indemnify the State if any claim by a third party against the State for infringement or misappropriation (i) results from the State's alteration of any vendor-branded product or Deliverable, or (ii) results from the continued use of the good(s) or Services and Deliverables after receiving notice they infringe a trade secret of a third party.
- f) Nothing stated herein, however, shall affect vendor's ownership in or rights to its preexisting intellectual property and proprietary rights.
- 16) Access to Persons and Records: Pursuant to N.C. General Statute 147-64.7, the Agency, the State Auditor, appropriate federal officials, and their respective authorized employees or agents are authorized to examine all books, records, and accounts of the vendor insofar as they relate to transactions with any department, board, officer, commission, institution, or other Agency of the State of North Carolina pursuant to the performance of this Contract or to costs charged to this Contract. The vendor shall retain any such books, records, and accounts for a minimum of three (3) years after the completion of this Contract. Additional audit or reporting requirements may be required by any Agency, if in the Agency's opinion, such requirement is imposed by federal or state law or regulation.
- 17) **Assignment:** Vendor may not assign this Contract or its obligations hereunder except as permitted by 09 NCAC 06B.1003 and this Paragraph. Vendor shall provide reasonable notice of not less than thirty (30) days prior to any consolidation, acquisition, or merger. Any assignee shall affirm this Contract atoning to the terms and conditions agreed, and that vendor shall affirm that the assignee is fully capable of performing all obligations of vendor under this Contract. An assignment may be made, if at all, in writing by the vendor, Assignee and the State setting forth the foregoing obligation of vendor and Assignee.
- 18) **Insurance Coverage:** During the term of the Contract, the vendor at its sole cost and expense shall provide commercial insurance of such type and with such terms and limits as may be reasonably associated with the Contract. As a minimum, the vendor shall provide and maintain the following coverage and limits:
 - a) Worker's Compensation The vendor shall provide and maintain Worker's Compensation Insurance, as required by the laws of North Carolina, as well as employer's liability coverage with minimum limits of \$100,000.00, covering all of vendor's employees who are engaged in any work under the Contract. If any work is sublet, the vendor shall require the subcontractor to provide the same coverage for any of his employees engaged in any work under the Contract; and
 - b) <u>Commercial General Liability</u> General Liability Coverage on a Comprehensive Broad Form on an occurrence basis in the minimum amount of \$2,000,000.00 Combined Single Limit (Defense cost shall be in excess of the limit of liability); and
 - c) <u>Automobile</u> Automobile Liability Insurance, to include liability coverage, covering all owned, hired and non-owned vehicles, used in connection with the Contract. The minimum combined single limit shall be \$500,000.00 bodily injury and property damage; \$500,000.00 uninsured/under insured motorist; and \$5,000.00 medical payment; and

- d) Providing and maintaining adequate insurance coverage described herein is a material obligation of the vendor and is of the essence of this Contract. All such insurance shall meet all laws of the State of North Carolina. Such insurance coverage shall be obtained from companies that are authorized to provide such coverage and that are authorized by the Commissioner of Insurance to do business in North Carolina. The vendor shall at all times comply with the terms of such insurance policies, and all requirements of the insurer under any such insurance policies, except as they may conflict with existing North Carolina laws or this Contract. The limits of coverage under each insurance policy maintained by the vendor shall not be interpreted as limiting the vendor's liability and obligations under the Contract.
- 19) **Dispute Resolution:** The parties agree that it is in their mutual interest to resolve disputes informally. A claim by the vendor shall be submitted in writing to the Agency Contract Administrator for decision. A claim by the State shall be submitted in writing to the vendor's Contract Administrator for decision. The Parties shall negotiate in good faith and use all reasonable efforts to resolve such dispute(s). During the time the Parties are attempting to resolve any dispute, each shall proceed diligently to perform their respective duties and responsibilities under this Contract. If a dispute cannot be resolved between the Parties within thirty (30) days after delivery of notice, either Party may elect to exercise any other remedies available under this Contract, or at law. This term shall not constitute an agreement by either party to mediate or arbitrate any dispute.
- 20) **Default:** In the event any Deliverable furnished by the vendor during performance of any Contract term fails to conform to any material requirement of the Contract specifications, notice of the failure is provided by the State and the failure is not cured within ten (10) days, or vendor fails to meet the requirements of Paragraph 13) herein, the State may cancel and procure the articles or services from other sources; holding vendor liable for any excess costs occasioned thereby, subject only to the limitations provided in Paragraphs 28) and 29) and the obligation to informally resolve disputes as provided in Paragraph 24) of these Terms and Conditions. Default may be cause for debarment as provided in 09 NCAC 06B.1030. The State reserves the right to require performance guaranties pursuant to 09 NCAC 06B.1031 from the vendor without expense to the State. The rights and remedies of the State provided above shall not be exclusive and are in addition to any other rights and remedies provided by law or under the Contract.
 - a) If vendor fails to deliver Deliverables within the time required by this Contract, the State may provide written notice of said failure to vendor, and by such notice require payment of a penalty.
 - b) Should the State fail to perform any of its obligations upon which vendor's performance is conditioned, vendor shall not be in default for any delay, cost increase or other consequences due to the State's failure. Vendor will use reasonable efforts to mitigate delays, costs or expenses arising from assumptions in the vendor's bid documents that prove erroneous or are otherwise invalid. Any deadline that is affected by any such failure in assumptions or performance by the State shall be extended by an amount of time reasonably necessary to compensate for the effect of such failure.
 - c) Vendor shall provide a plan to cure any default if requested by the State. The plan shall state the nature of the default, the time required for cure, any mitigating factors causing or tending to cause the default, and such other information as the vendor may deem necessary or proper to provide.
- 21) **Waiver of Default:** Waiver by either party of any default or breach by the other Party shall not be deemed a waiver or any subsequent default or breach and shall not be construed to be a modification or innovation of the terms of this Contract, unless so stated in a writing and signed by authorized representatives of the Agency and the vendor, and made as an amendment to this Contract pursuant to Paragraph 30)b) herein below.
- 22) **Termination:** Any notice or termination made under this Contract shall be transmitted via US Mail, Certified Return Receipt Requested. The period of notice for termination shall begin on the day the return receipt is signed and dated.
 - a) The parties may mutually terminate this Contract by written agreement at any time.
 - b) The State may terminate this Contract, in whole or in part, pursuant to Paragraph 25), or pursuant to the Special Terms and Conditions in the Solicitation Documents, if any, or for any of the following:
 - i. <u>Termination for Cause</u>: In the event any goods, software, or service furnished by the vendor during performance of any Contract term fails to conform to any material requirement of the Contract, and the failure is not cured within the specified time after providing written notice thereof to vendor, the State may cancel and procure the articles or services from other sources; holding vendor liable for any excess costs occasioned thereby, subject only to the limitations provided in Paragraphs 28) and 29) herein. The rights and remedies of the State provided above shall not be exclusive and are in addition to any other

- rights and remedies provided by law or under the Contract. Vendor shall not be relieved of liability to the State for damages sustained by the State arising from vendor's breach of this Contract; and the State may, in its discretion, withhold any payment due as a setoff until such time as the damages are finally determined or as agreed by the parties. Voluntary or involuntary Bankruptcy or receivership by vendor shall be cause for termination.
- ii. <u>Termination For Convenience Without Cause</u>: The State may terminate service and indefinite quantity contracts, in whole or in part by giving 30 days prior notice in writing to the vendor. Vendor shall be entitled to sums due as compensation for Deliverables provided and services performed in conformance with the Contract. In the event the Contract is terminated for the convenience of the State the Agency will pay for all work performed and products delivered in conformance with the Contract up to the date of termination.

23) Limitation of Vendor's Liability:

- a) Where Deliverables are under the State's exclusive management and control, the vendor shall not be liable for direct damages caused by the State's failure to fulfill any State responsibilities of assuring the proper use, management and supervision of the Deliverables and programs, audit controls, operating methods, office procedures, or for establishing all proper checkpoints necessary for the State's intended use of the Deliverables.
- b) The vendor's liability for damages to the State for any cause whatsoever, and regardless of the form of action, whether in contract or in tort, shall be limited to two times the value of the Contract. Provided, however, that the State's Solicitation Documents or the Supplemental Terms and Conditions for Software or Services, if any, may increase vendor's maximum liability for damages, but in no event shall the liability for damages be less than the total value of the Contract.
- c) The foregoing limitation of liability shall not apply to the payment of costs and damage awards referred to in the Paragraph entitled "Patent, Copyright, and Trade Secret Protection", to claims covered by other specific provisions calling for liquidated damages or specifying a different limit of liability, or to claims for injury to persons or damage to property caused by vendor's negligence or willful or wanton conduct. This limitation of liability does not apply to the receipt of court costs or attorney's fees that might be awarded by a court in addition to damages after litigation based on this Contract.

24) Vendor's Liability for Injury to Persons or Damage to Property:

- a) The vendor shall be liable for damages arising out of personal injuries and/or damage to real or tangible personal property of the State, employees of the State, persons designated by the State for training, or person(s) other than agents or employees of the vendor, designated by the State for any purpose, prior to, during, or subsequent to delivery, installation, acceptance, and use of the Deliverables either at the vendor's site or at the State's place of business, provided that the injury or damage was caused by the fault or negligence of the vendor.
- b) The vendor agrees to indemnify, defend and hold the Agency and the State and its Officers, employees, agents and assigns harmless from any liability relating to personal injury or injury to real or personal property of any kind, accruing or resulting to any other person, firm or corporation furnishing or supplying work, services, materials or supplies in connection with the performance of this contract, whether tangible or intangible, arising out of the ordinary negligence, willful or wanton negligence, or intentional acts of the vendor, its officers, employees, agents, assigns or subcontractors, in the performance of this Contract.
- c) Vendor shall not be liable for damages arising out of or caused by an alteration or an attachment not made or installed by the vendor, or for damage to alterations or attachments that may result from the normal operation and maintenance of the vendor's goods.
- 25) **General Indemnity:** The vendor shall hold and save the State, its officers, agents and employees, harmless from liability of any kind, including all claims and losses, with the exception of consequential damages, accruing or resulting to any other person, firm or corporation furnishing or supplying work, services, materials or supplies in connection with the performance of this Contract. The foregoing indemnification and defense by the vendor shall be conditioned upon the following:
 - a) The Agency shall give vendor written notice within thirty (30) days after it has actual knowledge of any such claim(s) or action(s) filed; and
 - b) The vendor shall have the sole control of the defense of any such claim(s) or action(s) filed and of all negotiations relating to settlement or compromise thereof, provided, however, that the Agency or State shall have the option to participate at their own expense in the defense of such claim(s) or action(s) filed.

- 26) **Date and Time Warranty:** The vendor warrants that any Deliverable, whether hardware, firmware, middleware, custom or commercial software, or internal components, subroutines, and interface therein which performs any date and/or time data recognition function, calculation, or sequencing, will provide accurate date/time data and leap year calculations. This warranty shall survive termination or expiration of the Contract.
- 27) **Independent Contractors:** Vendor and its employees, officers and executives, and subcontractors, if any, shall be independent vendors and not employees or agents of the State. This Contract shall not operate as a joint venture, partnership, trust, agency or any other business relationship.
- 28) **Transportation:** Transportation of Deliverables shall be FOB Destination; unless otherwise specified in the solicitation document or purchase order. Freight, handling, hazardous material charges, and distribution and installation charges shall be included in the total price of each item. Any additional charges shall not be honored for payment unless authorized in writing by the Purchasing State Agency. In cases where parties, other than the vendor ship materials against this order, the shipper must be instructed to show the purchase order number on all packages and shipping manifests to ensure proper identification and payment of invoices. A complete packing list must accompany each shipment.
- 29) **Notices**: Any notices required under this Contract should be delivered to the Contract Administrator for each party. Unless otherwise specified in the Solicitation Documents, any notices shall be delivered in writing by U.S. Mail, Commercial Courier or by hand.
- 30) **Titles and Headings:** Titles and Headings in this Contract are used for convenience only and do not define, limit or proscribe the language of terms identified by such Titles and Headings.
- 31) Amendment: This Contract may not be amended orally or by performance. Any amendment must be made in written form and signed by duly authorized representatives of the State and vendor in conformance with Paragraph 31) herein.
- 32) **Taxes:** The State of North Carolina is exempt from Federal excise taxes and no payment will be made for any personal property taxes levied on the vendor or for any taxes levied on employee wages. Agencies of the State may have additional exemptions or exclusions for federal or state taxes. Evidence of such additional exemptions or exclusions may be provided to vendor by Agencies, as applicable, during the term of this Contract. Applicable State or local sales taxes shall be invoiced as a separate item.

33) Governing Laws, Jurisdiction, and Venue:

- a) This Contract is made under and shall be governed and construed in accordance with the laws of the State of North Carolina. The place of this Contract or purchase order, its situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or in tort, relating to its validity, construction, interpretation and enforcement shall be determined. Vendor agrees and submits, solely for matters relating to this Contract, to the jurisdiction of the courts of the State of North Carolina, and stipulates that Wake County shall be the proper venue for all matters.
- b) Except to the extent the provisions of the Contract are clearly inconsistent therewith, the applicable provisions of the Uniform Commercial Code as modified and adopted in North Carolina shall govern this Contract. To the extent the Contract entails both the supply of "goods" and "services," such shall be deemed "goods" within the meaning of the Uniform Commercial Code, except when deeming such services as "goods" would result in a clearly unreasonable interpretation.
- 34) **Force Majeure:** Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations as a result of events beyond its reasonable control, including without limitation, fire, power failures, any act of war, hostile foreign action, nuclear explosion, riot, strikes or failures or refusals to perform under subcontracts, civil insurrection, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.
- 35) **Compliance with Laws:** The vendor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business, including those of federal, state, and local agencies having jurisdiction and/or authority.
- 36) **Severability:** In the event that a court of competent jurisdiction holds that a provision or requirement of this Contract violates any applicable law, each such provision or requirement shall be enforced only to the extent it is not in violation of law or is not otherwise unenforceable and all other provisions and requirements of this Contract shall remain in full force and effect. All promises, requirement, terms, conditions, provisions, representations, guarantees and warranties contained herein shall survive the expiration or termination date unless specifically provided otherwise herein, or unless superseded by applicable federal or State statute, including statutes of repose or limitation.

- 37) **Federal Intellectual Property Bankruptcy Protection Act:** The Parties agree that the Agency shall be entitled to all rights and benefits of the Federal Intellectual Property Bankruptcy Protection Act, Public Law 100-506, codified at 11 U.S.C. 365(n), and any amendments thereto.
- 38) **Reserved:**
- 39) **Reserved:**

Section IX:

Supplemental Terms and Conditions for Software and Services

- 1) **Supplement:** The additional terms and conditions set forth herein shall supplement the General Terms and Conditions for Goods and Related Services. In the event of a conflict between this Supplement and the General Terms and Conditions, or any other document, the order of precedence shall be determined by the State's solicitation document(s).
- 2) License Grant: This paragraph recites the scope of license granted, if not superseded by a separate licensing agreement as follows:
- a) Vendor grants to the State, its Agencies and lawful customers a non-exclusive, non-transferable and non-sublicensable license to use, in object code format, Vendor's software identified in the solicitation documents, Vendor's Statement of Work (SOW), or an Exhibit thereto executed by the parties ("Software"), subject to the restrictions set forth therein, such as the authorized computer system, the data source type(s), the number of target instance(s) and the installation site. Use of the Software shall be limited to the data processing and computing needs of the State, its Agencies and lawful customers. This license shall be perpetual, unless terminated as provided herein. The State agrees not to distribute, sell, sublicense or otherwise transfer copies of the Software or any portion thereof. For purposes of this Agreement, a State Entity shall be defined as any department or agency of the State of North Carolina, which is controlled by or under common control of the State or who is a lawful customer of the State pursuant to Article 3D of Chapter 147 of the General Statutes.
- b) Vendor shall provide all encryption or identification codes or authorizations that are necessary or proper for the operation of the licensed Software.
- c) The State shall have the right to copy the Software, in whole or in part, for use in conducting benchmark or acceptance tests, for business recovery and disaster recovery testing or operations, for archival or emergency purposes, for back up purposes, for use in preparing derivative works if allowed by the solicitation documents or statements of work, or to replace a worn copy.
- d) The State may modify non-personal Software in machine-readable form for its internal use in merging the same with other software program material. Any action hereunder shall be subject to uses described in this paragraph, the restrictions imposed by Paragraph 2, and applicable terms in the solicitation documents or statements of work.
- 3) Restrictions. State's use of the Software is restricted as follows:
- a) The license granted herein is granted to the State and to any political subdivision or other entity permitted or authorized to procure Information Technology through the Office of Information Technology. If the License Grant and License Fees are based upon the number of Users, the number of Users may be increased at any time, subject to the restrictions on the maximum number of Users specified in the solicitation documents.
- b) No right is granted hereunder to use the Software to perform services for commercial third parties (so-called "service bureau" uses). Services provided to other State Departments, Agencies or political subdivisions of the State is permitted.
- c) The State may not copy, distribute, reproduce, use, lease, rent or allow access to the Software except as explicitly permitted under this Agreement, and State will not modify, adapt, translate, prepare derivative works (unless allowed by

the solicitation documents or statements of work,) decompile, reverse engineer, disassemble or otherwise attempt to derive source code from the Software or any internal data files generated by the Software.

- d) State shall not remove, obscure or alter Vendor's copyright notice, trademarks, or other proprietary rights notices affixed to or contained within the Software.
- 4) Vendor's Retained Rights: Subject only to the rights granted to State hereunder, Vendor retains all right, title and interest in and to the Software and all copies of the Software, including without limitation all modifications, enhancements, upgrades and new versions with respect to any of the foregoing, all patent rights, copyrights and trade secret rights embodying any of the foregoing, and all know-how, concepts, inventions and ideas related to the foregoing. State shall provide Vendor with access to State's facilities, at reasonable times and upon reasonable notice, to verify State's compliance with the terms of this Agreement.
- 5) Support or Maintenance Services: This paragraph recites the scope of maintenance services due under the license granted, if not superseded by a separate licensing and maintenance agreement or as may be stated in the solicitation documents. Subject to payment of a Support Service or Maintenance Fee stated in the solicitation documents for the first year and all subsequent years, if requested by the State, Vendor agrees to provide the following support services ("Support Services") for the current version and one previous version of the Software commencing upon delivery of the Software:
- a) **Error Correction:** If the error conditions reported by the State pursuant to the General Terms and Conditions are not corrected in a timely manner, the State may request a replacement copy of the licensed Software from Vendor. In such event, Vendor shall then deliver a replacement copy, together with corrections and updates, of the licensed Software within 24 hours of the State's request at no added expense to the State.
 - b) **Other Agreement**: This Paragraph 6 may be superseded by agreement provided that:
 - i) Support and maintenance services shall be fully described in a separate agreement annexed hereto and incorporated herein
- c) **Temporary Extension of License**: If any licensed Software or CPU/computing system on which the Software is installed fails to operate or malfunctions, the term of the license granted shall be temporarily extended to another CPU selected by the State and continue until the earlier of:
 - i) Return of the inoperative CPU to full operation, or
 - ii) Termination of the license.
- d) **Encryption Code:** Vendor shall provide any temporary encryption code or authorization necessary or proper for operation of the licensed Software under the foregoing temporary license. The State will provide notice by expedient means, whether by telephone, e-mail or facsimile of any failure under this paragraph. On receipt of such notice, Vendor shall issue any temporary encryption code or authorization to the State within 24 hours; unless otherwise agreed.
- e) **Updates.** Vendor shall provide to the State, at no additional charge, all new releases and bug fixes (collectively referred to as "Updates") for any Software Deliverable developed or published by Vendor and made generally available to its other customers at no additional charge. All such Updates shall be a part of the Program and Documentation and, as such, be governed by the provisions of this Contract.
- f) **Telephone Assistance.** Vendor shall provide the State with telephone access to technical support engineers for assistance in the proper installation and use of the Software, and to report and resolve Software problems, during normal business hours, 6:00 AM -6:00 PM Eastern Time, Monday-Friday. Vendor shall respond to the telephone requests for Program maintenance service, within four (4) hours, for calls made at any time
- 6) Termination of Support or Maintenance: If the State fails to pay Support or Maintenance Services for the Software or choose not to pay for Support or Maintenance Services, the State may continue to use the Software pursuant to the license granted hereunder, but will not be entitled to receive routine Support Services for such Software. If the State does not subscribe or purchase Support or Maintenance Services effective with the date of this Contract, Support or Maintenance Services may be subsequently subscribed or purchased at any time during the term of this Contract by

payment of Support Service or Maintenance Fees at Vendor's then current prices. During the term of this Agreement, the State may also purchase implementation services, consulting and training from Vendor at Vendor's then current prices.

- 7) **Program Retirement:** Vendor retains the right to retire a version of the Program and stop providing Maintenance, Updates or Services, upon providing 180 day written notice to the State of its intent to do so. The decision to stop maintaining a version of the Program is the sole business discretion of Vendor and shall not be deemed a breach of contract. If Vendor retires the version of the Program provided to the State and if the State has paid all applicable annual Maintenance Fees subsequent to executing this Agreement, the State shall be entitled to receive, at no additional charge, a newer version of the Program that supports substantially the same functionality as the licensed version of the Program. Newer versions of the Program containing substantially increased functionality will be made available to the State for an additional fee.
- 8) Services Provided by Vendor: Vendor shall provide the State with implementation services as specified in a Statement of Work ("SOW") executed by the parties. This Agreement in combination with each SOW individually comprises a separate and independent contractual obligation from any other SOW. A breach by Vendor under one SOW will not be considered a breach under any other SOW. The services intended hereunder are related to the State's implementation and/or use of one or more Software Deliverables licensed hereunder or in a separate software license agreement between the parties ("License Agreement").
- 9) Payment Terms: The total License Fee and the Support Service or Maintenance Fee (provided the State subscribes or purchases such services) for the first year shall be invoiced upon delivery of the Software. The Support Service or Maintenance Fee for subsequent contract years, if any, will be invoiced annually 60 days prior to the anniversary date beginning each subsequent year. Increases in Vendor's Contract price for Support Services or Maintenance shall not exceed five percent (5%) per year following the first Contract year. Payment terms for software are Net 30 days after receipt of correct invoice or acceptance of software, whichever is later. Payment terms for services are due and payable the month following the month for which charges accrue, or in accordance with the contract payment schedule. The using agency is responsible for all payments under the contract.
- **10)** Acceptance: Acceptance testing is required for all Vendor supplied software unless provided otherwise in the solicitation documents or a Statement of Work. The State may define such processes and procedures as may be necessary or proper, in its opinion and discretion, to ensure compliance with the State's specifications and Vendor's technical representations. Acceptance of software or services may be controlled by amendment hereto, or additional terms as agreed by the parties. In the event acceptance of software or services is not described in additional contract documents, the State shall have the obligation to notify Vendor, in writing and within a reasonable time following installation of any software deliverable described in the contract if it is not acceptable. The notice shall specify in reasonable detail the reason(s) a deliverable is unacceptable. Acceptance by the State shall not be unreasonably withheld; but may be conditioned or delayed as required for installation and/or testing of software.
- **11) Warranty Terms:** Notwithstanding anything in this Contract or Exhibit hereto to the contrary, Vendor shall assign warranties for any Deliverable supplied by a third party to the State.
- a) Vendor warrants that any Software or Deliverable will operate substantially in conformity with prevailing specifications as defined by the current standard documentation (except for minor defects or errors which are not material to the State) for a period of 90 days from the date of acceptance ("Warranty Period"), unless otherwise specified in the Solicitation Documents. If the Software does not perform in accordance with such specifications during the Warranty Period, Vendor will use reasonable efforts to correct any deficiencies in the Software so that it will perform in accordance with or substantially in accordance with such specifications.
 - b) Vendor warrants to the best of its knowledge that:
 - i) The licensed Software and associated materials do not infringe any intellectual property rights of any third party;
 - ii) There are no actual or threatened actions arising from, or alleged under, any intellectual property rights of any third party;
 - iii) The licensed Software and associated materials do not contain any surreptitious programming codes, viruses,

Trojan Horses, "back doors" or other means to facilitate or allow unauthorized access to the State's information systems.

- iv.) The licensed Software and associated materials do not contain any timer, counter, lock or similar device (other than security features specifically approved by Customer in the Specifications) that inhibits or in any way limits the Software's ability to operate.
- c) UNLESS MODIFIED BY AMENDMENT OR THE SOLICITATION DOCUMENTS, THE WARRANTIES IN THIS PARAGRAPH ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, OR WHETHER ARISING BY COURSE OF DEALING OR PERFORMANCE, CUSTOM, USAGE IN THE TRADE OR PROFESSION OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NO OTHER REPRESENTATIONS OR WARRANTIES HAVE FORMED THE BASIS OF THE BARGAIN HEREUNDER.

12) Reserved:

- 13) Confidentiality: Vendor shall employ security measures and standards, including encryption technologies, as may be necessary or proper, and as mutually agreed by the State and Vendor during performance of this Agreement. Vendor and its agents, if any, shall not have access to any information except as required to perform Vendor's obligations under this Contract.
- 14) State Property and Intangibles Rights: The parties acknowledge and agree that the State shall own all right, title and interest in and to the copyright in any and all software, technical information, specifications, drawings, records, documentation, data and other work products first originated and prepared by the Vendor for delivery to the State (the "Deliverables"). To the extent that any Vendor Technology is contained in any of the Deliverables, the Vendor hereby grants the State a royalty-free, fully paid, worldwide, perpetual, non-exclusive license to use such Vendor Technology in connection with the Deliverables for the State's internal business purposes. Vendor shall not acquire any right, title and interest in and to the copyrights for goods, any and all software, technical information, specifications, drawings, records, documentation, data or derivative works thereof, or other work products provided by the State to Vendor. The State hereby grants Vendor a royalty-free, fully paid, worldwide, perpetual, non-exclusive license to non-confidential Deliverables first originated and prepared by the Vendor for delivery to the State.
- **15) License Rights:** All licenses granted to either party include the right to make, have made, use, have used, import, offer to sell, sell, lease or otherwise transfer any apparatus, or practice and have practiced any method and shall include the right to grant, directly or indirectly, revocable or irrevocable sublicenses to affiliates of such party; and nothing contained in this contract shall be deemed to grant any license under any other patents or patent applications arising out of any other inventions of either party.
- 16) Default: If the prescribed acceptance testing stated in the Solicitation Documents or performed pursuant to Paragraph 13 of the General Terms and Conditions for Goods and Related Services is not completed successfully, the State may request substitute Software, cancel the portion of the Contract that relates to the unaccepted Software, or continue the acceptance testing with or without the assistance of Vendor. These options shall remain in effect until such time as the testing is successful or the expiration of any time specified for completion of the testing. If the testing is not completed after exercise of any of the State's options, the State may cancel any portion of the contract related to the failed Software and take action to procure substitute software. If the failed software (or the substituted software) is an integral and critical part of the proper completion of the work for which the Deliverables identified in the solicitation documents or statement of work were acquired, the State may terminate the entire contract pursuant to the Default terms in the General Terms and Conditions.

17) Limitation of Liability for Software Deliverables:

a) Where equipment is under the State's exclusive management and control, Vendor shall not be liable for any damages caused by the State's failure to fulfill any State responsibilities including, without limitation, those relating to assuring the proper use, management and supervision of the equipment and programs, audit controls, operating methods,

office procedures or for establishing all property checkpoints necessary for the State's intended use of the machines.

- b) The Vendor's liability for damages to the State for any cause whatsoever, and regardless of the form of action, whether in contract or in tort, shall not exceed two times the value of the contract, but in no event shall the liability for damages be less than the total value of the contract.
- c) WITH THE EXCEPTIONS OF INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT ACTIONS, THE STATE'S CONSTITUTIONAL RIGHTS AS A SOVERIGN, AND PENALTIES IMPOSED UPON THE STATE BY ANY FEDERAL ENTITY OR EXPENDITURES OF PUBLIC FUNDS REQUIRED OR RESULTING FROM AN OPERATIONAL FAILURE OF THE DELIVERABLE(S) OR SERVICES PROVIDED HEREUNDER, BUT NOTWITHSTANDING ANY OTHER TERM TO THE CONTRARY CONTAINED IN THIS CONTRACT, NEITHER PARTY NOR THEIR RESPECTIVE AFFILIATES SHALL, UNDER ANY CIRCUMSTANCES, BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES (I) FOR ANY CLAIM BASED UPON ANY THIRD PARTY CLAIM, (II) FOR ANY CONSEQUENTIAL, INCIDENTAL OR INDIRECT DAMAGES OF ANY NATURE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOST SAVINGS OR OTHER ECONOMIC CONSEQUENTIAL DAMAGES, WHETHER RESULTING FROM DELAYS, LOSS OF DATA, INTERRUPTION OF SERVICE OR OTHERWISE, EVEN IF A PARTY OR ITS AFFILIATES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, OR (III) FOR ANY PUNITIVE OR EXEMPLARY DAMAGES OF ANY NATURE WHATSOEVER.
- **18) Vendor Obligations:** In the event the State does not perform the State Obligations in a timely manner; Vendor may revise the applicable SOW and/or amount it is charging for Services, and present it as a Change pursuant to Paragraph 31 of the General Terms and Conditions for Goods and Related Services, or terminate this Agreement, at Vendor 's option. For each SOW, Vendor will designate one (1) Vendor point of contact that shall be responsible for responding to the State's questions and issues relating to the Services. The State understands and agrees that Vendor may subcontract with third parties to perform all or part of the Services in conformance with Paragraph 4 of the General Terms and Conditions for Goods and Related Services.
- 19) Qualified Personnel: Each party shall provide sufficient, qualified, knowledgeable personnel capable of: (i) performing obligations set forth in this Agreement and each SOW; (ii) making timely decisions necessary to move the Services forward; (iii) participating in the project and assisting Vendor in rendering the Services; and (iv) facilitating development, testing and implementation of Vendor software, if applicable. Vendor warrants that qualified personnel will perform the services in a professional manner. As used in this Paragraph, "professional manner" means that the personnel performing the services will be of a skill and competence consistent with prevailing norms of company providers in the information technology industry.
- **20)** Vendor shall not be responsible for any alleged breach of the foregoing Paragraph 17) that is attributable to (i) misuse or modification of Vendor's Software by or on behalf of the State, (ii) the State's failure to use corrections or enhancements made available by Vendor, (iii) the quality or integrity of data from other automated or manual systems with which the Vendor's Software interfaces, (iv) errors in or changes to third party software or hardware implemented by the State or a third party (including the vendors of such software or hardware) that is not a subcontractor of Vendor or that is not supported by the Deliverables, or (vi) the operation or use of the Vendor's Software not in accordance with the operating procedures developed for the Vendor's Software or otherwise in a manner not contemplated by this Agreement.
- **21) Transportation:** Transportation of software shall be FOB Destination unless delivered by internet or file transfer as agreed by the State, or otherwise specified in the solicitation document or purchase order.